

**Top Secret** 219

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NATIONAL INTELLIGENCE DAILY CABLE

Friday 21 April 1978

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DIA review(s) completed.

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[REDACTED]

National Intelligence Daily Cable for Friday, 21 April 1978.

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25X1 [REDACTED] The NID Cable is for the purpose of informing senior US officials.

CONTENTS

[REDACTED]

25X1

CHINA: Senkaku Islands Incident Page 3

NAMIBIA: Security Proclamation Page 4

NIGERIA: Domestic Problems Page 6

CHAD: French Reinforcements Page 7

[REDACTED]

25X1

CHINA: Patents and Trademarks Page 9

CHINA: New Grain Purchases Page 9

[REDACTED]

25X1

PAKISTAN: Opium Production Page 11

BELGIUM: Political Turmoil Page 12

BRIEFS: Page 13

Nicaragua

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Angola

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## CHINA: Senkaku Islands Incident

25X1 [ ] Incursions by Chinese fishing vessels into Japanese-claimed waters around the disputed Senkaku Islands have stirred a strong public reaction in Japan and raised questions about China's motives and tactics. The action has added another roadblock to the chances for early progress on the Sino-Japanese Peace and Friendship Treaty. Peking apparently made the move in order to demonstrate both its claim to the islands and its opposition to any linkage of the Senkaku issue with the treaty. Peking may also have hoped to influence Japanese legislation that would implement the Japanese - South Korean continental shelf treaty; this treaty deals with oil prospecting in other areas claimed by China.

25X1 [ ] The incursions began on 12 April when several Chinese fishing boats--some armed--penetrated the 12-mile zone Japan claims around the islands. For nearly a week thereafter, Chinese vessels, at times numbering approximately 200, moved in and out of the zone. The incursions stopped on Tuesday, but as of yesterday the fishing fleet was still 25 to 35 miles northwest of the islands. This is the first such action since the Senkakus were returned to Japanese jurisdiction by the US under the Okinawa reversion in 1972.

25X1 [ ] The Chinese action probably was prompted by the well-publicized efforts of antitreaty elements in Japan's ruling Liberal Democratic Party to raise the Senkaku issue in order to prevent resumption of formal negotiations. A public statement of 6 April by Yasuhiro Nakasone, a senior official of the Liberal Democratic Party, that Japan and China should clarify their positions on the Senkakus before concluding the treaty is likely to have particularly nettled Chinese officials.

25X1 [ ] According to Japanese news reports, the Chinese Ambassador in Tokyo linked the Senkaku incident to statements made by "some Japanese" several weeks before the incursion. On 13 April Sun Ping-Hua, secretary general of the China-Japan Friendship Association, reminded a group of Japanese politicians who were visiting China that both sides had agreed in 1972 to shelve the Senkaku issue during the period of normalization of Sino-Japanese relations. He accused elements in Japan of using the issue to prevent conclusion of the treaty.

[redacted] //The Chinese almost certainly had already concluded, however, that there was little chance of early movement on the treaty and that the risk of some further delay was a small price to pay in order to make a strong demonstration of their claim to the islands. [redacted]

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[redacted] The incident has, in any event, undercut the pressure from protreaty advocates in Tokyo on Fukuda, who is likely to argue that Japan must now await an indication that Peking is willing to return to the earlier agreement to shelve the problem.

[redacted] China's action also has provided some propaganda mileage for Moscow, which has pressed Tokyo not to sign the treaty. Until now, China could play on Japanese nationalist sentiment for the return to Japan of four small islands held by the USSR since the end of World War II. Now Moscow is exploiting this same sentiment by accusing China of harboring territorial aspirations against its neighbors, and the Soviet press implicitly supports Japan's claim to the Senkakus.

#### NAMIBIA: Security Proclamation

[redacted] *The South African Administrator General for Namibia has issued a proclamation empowering him to detain without trial any Namibian whom he considers to be a danger to security. The proclamation---probably drafted at the behest of South African Prime Minister Vorster---appears designed to meet the demands for tighter security that followed the assassination of Herero Chief Kapuuo last month while avoiding an outright ban on the South-West Africa People's Organization that might scuttle settlement negotiations.*

[redacted] Since the killing of Kapuuo by unknown gunmen, his associates in the Pretoria-backed Democratic Turnhalle Alliance have demanded a crackdown on SWAPO's internal wing, which has been openly proselytizing since the Administrator General

25X1 [redacted]

relaxed restraints on political activity. Although the leaders of the internal wing have renounced violence, they have not disavowed their affiliation with the foreign-based SWAPO guerrillas.

25X1 [redacted] SWAPO leaders inside Namibia assert that the South African police have arrested almost 100 of their followers since Kapuuo's death. South African officials acknowledge that smaller numbers are being held under the South African Terrorism Act, which permits the detention of suspected subversives without trial for prolonged periods.

25X1 [redacted] South African Foreign Minister Botha told a Western envoy earlier this week that the Administrator General's latest proclamation is intended to supersede the Terrorism Act. According to Botha, the Terrorism Act will soon be amended so that it will no longer apply to Namibia.

25X1 [redacted] Several provisions in the latest proclamation appear designed to show that the Administrator General is ruling out some of the harsh treatment that detainees have experienced for years in South Africa and Namibia. Each detainee is to be informed "as far as possible" of the reason for his arrest, and his family is to be told where he is being detained. Detainees are to be visited by a physician at least every three days and by a magistrate every two weeks.

25X1 [redacted] The proclamation nevertheless reconfirms the denial of due legal process that has long been a factor in international opposition to South Africa's administration of Namibia. Detainees can appeal to a special three-man review committee, but its secret findings are not binding on the Administrator General.

25X1 [redacted] The limited reforms instituted by the Administrator General since he took office last September suggest that he may apply his latest proclamation more sparingly than the South African police have used the Terrorism Act. Even so, by assuming direct responsibility for detentions, he is likely to bring international discredit upon himself, thereby complicating efforts to win the UN Security Council's acceptance of the Western transitional program. That program calls for the Administrator General to work with a special representative of the UN Secretary General. [redacted]

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## NIGERIA: Domestic Problems

25X1 [ ] A dispute in Nigeria's constituent assembly over the draft constitution appears to have been temporarily defused, but the basic issue remains unresolved. At the same time, there has been an outbreak of student unrest rooted in educational grievances.

25X1 [ ] Following an appeal by Head of State General Obasanjo, northern assemblymen have agreed to return to the assembly next Monday but will press for reconsideration of their defeated proposal for a federal Islamic court of appeals, according to a Nigerian press report. Earlier in the week, the most influential Muslim religious leader in the north made a radio appeal for calm and continued stability, asserting that the assembly is doing its best and that the rights of Muslims will be given adequate attention.

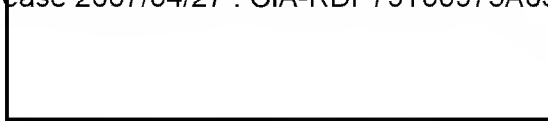
25X1 [ ] The apparent end of the walkout will at least temporarily defuse the emotional court issue. Most non-Muslim southerners and minority tribesmen in the north--who oppose an Islamic court as an undue privilege for Muslims--apparently regard the matter as settled. Should northerners continue to push the issue and the assembly prove unable to resolve the dispute, the military government may press the assembly to compromise.

25X1 [ ] If the court issue is not resolved to Muslim satisfaction, widespread demonstrations may well be mounted. They could touch off communal riots between Muslims and the southern Christian minority that resides and works in the north. Such disturbances could deal a sharp, if not a fatal, blow to the military's plans to restore civilian government.

25X1 [ ] Students at seven major universities throughout Nigeria this week boycotted classes and held protest demonstrations over increased room and board fees. The action was called by radical student leaders who are demanding free education and a reduction of Nigeria's 40-percent inflation rate.

25X1 [ ] Violent clashes between police and students at several universities resulted in the death of at least one student and injuries to a number of others. Military troops were called in to restore order at one northern university when police were routed by students.





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[ ] The deaths and injuries are likely to spark more violence by students, who refuse to discuss their grievances with authorities. The students seem to be receiving little sympathy from the rest of the populace, but they could keep universities in turmoil for some time to come. [ ]

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#### CHAD: French Reinforcements

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[ ] //France may be sending additional combat troops to Chad to help the Chadian Army defend against attacks by Libyan-backed insurgents, according to unconfirmed French press reports. [ ]

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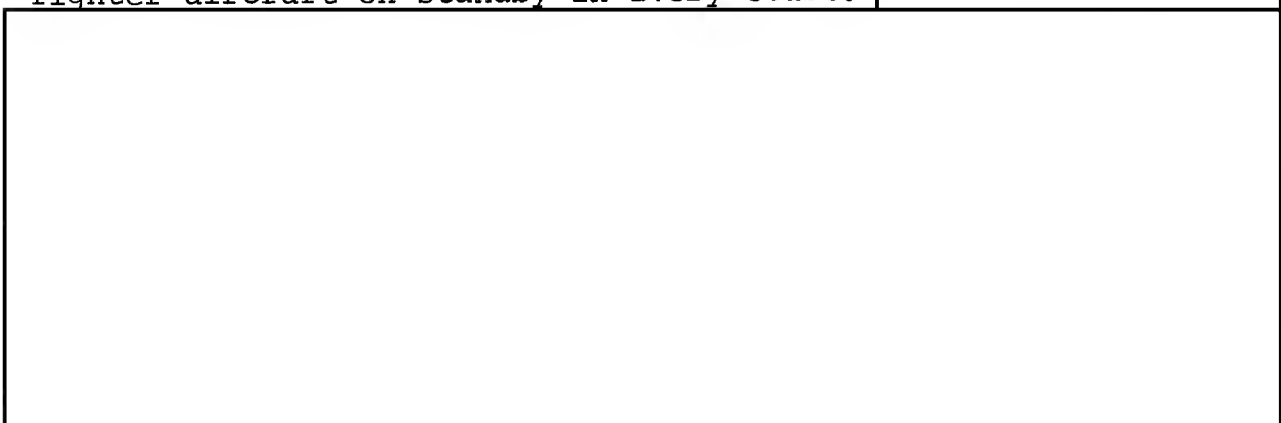
[ ] //There is other evidence that France may be planning to increase its military involvement in the fighting. A senior official in the West German Embassy in Ndjamena reports that the French may be planning not only to defend against attacks but also to destroy the primary rebel force now threatening government positions in western Chad. The US Defense Attache in Chad had reports that civilian aircraft at Ndjamena airport have been moved and preparations made for the arrival of transport aircraft.//

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[ ] //There are also reports that France is evacuating French citizens from a town in eastern Chad that may soon be threatened by the rebels, and some of the reinforcements may be intended to help with the evacuation. The French currently have some 700 military personnel in Chad and a detachment of fighter aircraft on standby in Ivory Coast. [ ]

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## CHINA: Patents and Trademarks

25X1 [ ] China is apparently considering a major policy shift on the protection of patents, copyrights, and trademarks. Chinese participation in international agreements in this area would facilitate the expansion of Chinese imports of modern equipment and technology.

25X1 [ ] In recent discussions with a major Japanese firm, the Chinese apparently agreed to pay for patents and technology transfers in accordance with the Paris Convention of 1883. Under that convention, patents held in one member country enjoy legal protection in all member countries. China is not a member of the convention and has recognized only those patents held by citizens of China.

25X1 [ ] Until recently, China extended trademark protection only on the basis of formal bilateral agreements and contractual provisions. In early 1978, Chinese representatives informed US businessmen that Peking might begin recognizing trademarks on an informal, reciprocal basis. US trademarks, for example, would be recognized since Chinese trademarks can be registered in the US.

25X1 [ ] The policy shift appears to be part of a Chinese effort to increase imports of high-technology plants and equipment. Liberalization of China's policy toward foreign trademarks, patents, and copyrights would do much to alleviate the concerns of Western firms about the Chinese copying their industrial technology and design. [ ]

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## CHINA: New Grain Purchases

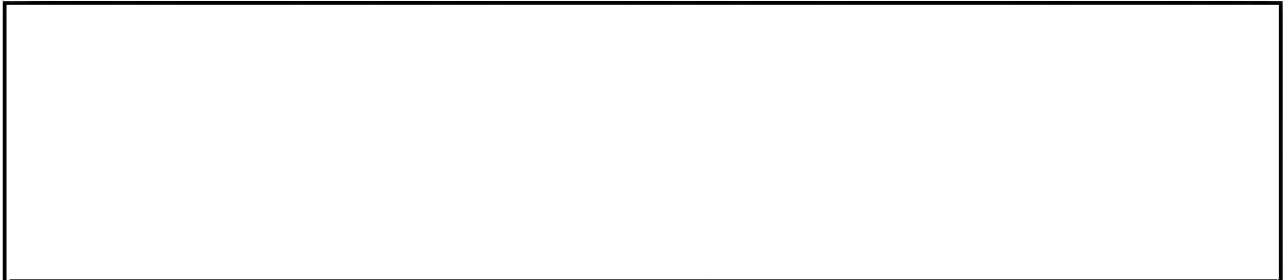
25X1 [ ] The Chinese have purchased 1 million tons of US  
25X1 wheat [ ] in the past two weeks, bringing grain imports for this year to a minimum of 5.8 million tons. Rumors of additional grain sales to China continue to circulate in the market. All of the grain is to be delivered before the fall harvest. The Chinese had a poor grain harvest last year, and supplies are tight in some areas.



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[REDACTED] //The new purchases will make up for lagging shipments from Canada and Australia, where port congestion is causing delays. The US will be China's only potential source of large additional amounts of wheat until October, when Canada should be able to provide some additional amounts.//

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[REDACTED] We believe the Chinese may make some additional grain purchases to tide themselves over until fall and that substantial purchases of soybeans and soybean oil are possible.

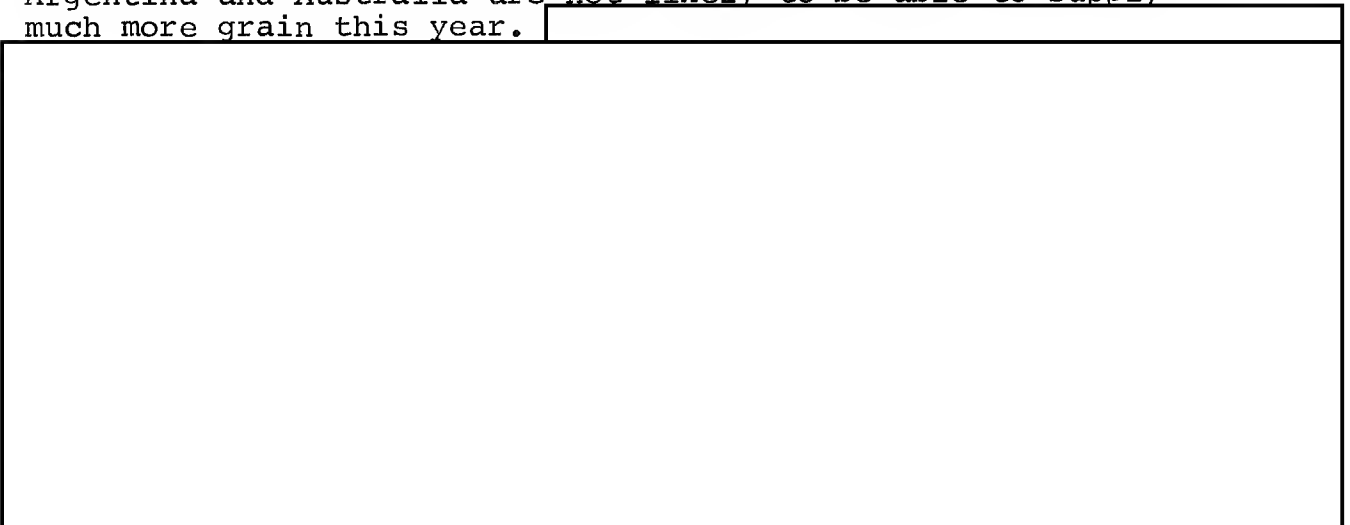
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[REDACTED] //Prospects for additional grain purchases later this year depend on the 1978 harvest. China's early crops appear to be doing well, but it is too early to tell what the total harvest will be.//

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[REDACTED] //In any case, the Chinese will probably purchase more grain for delivery in the last quarter of this year. They will presumably turn to Canada, their primary supplier, for a substantial portion of their requirements. Any further needs would have to be supplied mainly by the US or Europe, because Argentina and Australia are not likely to be able to supply much more grain this year. [REDACTED]

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## PAKISTAN: Opium Production

25X1 [ ] //Pakistan, considered to be among the leading illicit opium producers, may produce two or three times more illicit opium this year than the estimated total for last year, according to a recent Drug Enforcement Agency survey.//

25X1 [ ] //The DEA has concluded that almost 100,000 acres of poppies are under cultivation in Pakistan that will yield between 400 and 600 tons of opium this year. Previously, we had been told by Pakistani officials that production was on the order of 200 tons a year.//

25X1 [ ] //The increase in the latest estimate results both from more accurate information and from an actual boost in production. Encouraged by rising prices--which have skyrocketed from about \$35 per kilogram to over \$200 per kilogram in the past three years--farmers are planting more poppies and are using commercial fertilizer to increase yields. The rise in price reflects growing demand, stemming in part from the establishment of laboratories producing heroin and morphine for both domestic and foreign consumption.//

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[REDACTED]

25X1 [REDACTED] //The Government's reluctance to crack down on opium producers is traceable in part to the corruption of local officials, but primarily reflects the government's belief that action against the growers and the laboratories is not worth the trouble. Such trouble could stir armed tribal resistance.

25X1 [REDACTED]

#### BELGIUM: Political Turmoil

25X1 [REDACTED] Continued wrangling within Belgium's four-party coalition is impeding government decisionmaking on economic and defense matters and raising doubts about the viability of the 10-month-old government. Prime Minister Leo Tindemans will seek a vote of confidence at the end of May, when he will announce measures to deal with the country's pressing economic problems. Belgium's commitment to NATO remains strong, although proposed cuts in military spending have stirred worries within the alliance.

25X1 [REDACTED] Directing an unwieldy coalition has affected Tindemans' health, and his prestige has suffered from his ineffective leadership. By calling for a vote of confidence, Tindemans may be trying to force the Socialists--the second largest coalition partner--into cooperating and compromising in the coming budget debates. If they remain intransigent, Tindemans could then blame them for the government's poor record.

25X1 [REDACTED] Foreign Minister Simonet seems to be the prime mover behind what Tindemans sees as a Socialist effort to derail government plans. Simonet's leadership position and his own political ambitions make him one of Tindemans' toughest rivals.

25X1 [REDACTED] A budget crisis has been brewing for several months. Revenue shortfalls, resulting in part from lower than projected economic growth, have forced Tindemans to propose an across-the-board 2-percent cut in planned 1978 spending. But the Socialists, concerned about the country's high unemployment rate--one of the worst in the EC--continue to push for supplementary payments for the unemployed and the creation of new jobs.

[REDACTED] Bickering within the coalition has also adversely affected the government's ability to make decisions on defense matters. Socialist ministers would prefer cuts in weapons systems over wage reductions to achieve a 2-percent reduction in defense spending. They may find it politically expedient to back the military--which already blames the Social Christian Defense Minister for low salaries--in its demands for higher pay.

[REDACTED] Even before the announcement of Tindemans' proposed budget cuts, NATO officials had expressed concern about Belgian military programs that were deferred last year and projected for deferment this year. The call for a 2-percent reduction in defense spending has only elevated such concern, particularly in view of defense issues that require immediate attention: the improved Hawk missile system, the Airborne Warning and Control System, the US-backed long-term defense program, and the replacement of armored personnel carriers. [REDACTED]

#### BRIEFS

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#### Nicaragua

[REDACTED] Violence broke out in Managua yesterday following several weeks of antigovernment demonstrations--chiefly involving students and women--throughout the country. The media in Nicaragua report the deaths of two students in clashes between protesters and the National Guard.

[REDACTED] Disparate groups opposed to President Somoza are trying to coordinate their efforts to force Somoza's resignation. Opposition political groups have reportedly repeated their refusal to negotiate with Somoza, who has made a number of concessions to them in an appeal for a dialogue. [REDACTED]

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Angola

25X1 [redacted] //Angolan President Neto returned to Luanda yesterday following a one-month, nonofficial visit to the USSR. [redacted]

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25X1 [redacted] //Soviet press coverage on the eve of Neto's departure was bland but underscored Soviet support for Angola and the liberation struggle in southern Africa. While in Moscow, Neto met with President Brezhnev and other senior Soviet officials, probably to discuss military and economic assistance.





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